



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 9, 2005

H.R. 4146

Hurricanes Rita and Wilma Financial Services Relief Act of 2005

As ordered reported by the House Committee on Financial Services on October 27, 2005

H.R. 4146 would provide certain forms of relief to financial institutions whose deposits are largely derived from residents and businesses located in areas designated as disaster areas after Hurricanes Rita and Wilma. It would direct the Federal Reserve to waive or rebate transaction fees for wire transfer services that otherwise would be due from eligible institutions. The waiver would be in effect for at least 180 days after enactment; it could be extended for an additional 30 days by an action of the Board of Governors of the Federal Reserve System. Other provisions in the bill would authorize the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) to temporarily use different criteria when evaluating the financial condition of institutions in those disaster areas if doing so would facilitate their recovery and be consistent with safe and sound practices.

Based on information from the Federal Reserve, CBO estimates that enacting this bill would reduce federal revenues by \$2 million in fiscal year 2006. The Federal Reserve remits its net income to the Treasury, and those payments are classified as governmental receipts, or revenues, in the federal budget. Any additional income or costs to the Federal Reserve, therefore, can affect revenues. In this instance, CBO estimates that waiving fees for wire services for eligible institutions would reduce the Federal Reserve's profits by about \$2 million, reducing federal revenues by a corresponding amount. CBO estimates that enacting this bill would have no significant effect on direct spending by the FDIC or the NCUA.

H.R. 4146 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Barbara Edwards (for federal revenues) and Kathleen Gramp (for federal costs). This estimate was approved by G. Thomas Woodward, Assistant Director for Tax Analysis, and Robert A. Sunshine, Assistant Director for Budget Analysis.